



Weekly Clips, December 9, 2016
Texas Pension Review Board
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PRB PLANS

Texas County & District culls 5 hedge funds, reallocates to existing managers

December 2, 2016, By Christine Williamson

Texas County & District Retirement System, Austin, continues to reduce the number of hedge funds, but not the size of its \$6.2 billion hedge fund portfolio.

It will redeem a total of \$760 million from five hedge funds in the portfolio, Paul J. Williams, chief investment officer, told trustees of the \$25.6 billion fund during a board meeting Thursday. The assets will be reallocated among the 23 remaining hedge funds in the portfolio, he said.

Pensions & Investments

Billions in pension shortfalls threatening Texas cities' budgets

December 2, 2016, By Brandon Formby

The state's largest cities face tens of billions of dollars in unfunded liabilities to employee pension funds, a series of separate financial situations that is spurring massive account withdrawals, ongoing lawsuits, mounting political friction and national media attention.

Austin, Dallas, Houston and San Antonio collectively face \$22.6 billion worth of pension fund shortfalls, according to a new report from credit rating and financial analysis firm Moody's. That company analyzed the nation's most debt-burdened local governments and ranked them based on how big the looming pension shortfalls are compared to the annual revenues on which each entity operates.

Texas Tribune

Judge says Dallas police and fire pension vote can happen

December 2, 2016, By Claudia Lauer, Associated Press

A Texas judge Friday denied a request to stop members of the ailing Dallas Police and Fire Pension system from voting on benefit reductions.

State District Court Judge Ken Molberg issued his ruling denying a request from the plaintiffs— five police officers and firefighters— for a temporary injunction to stop the election, which had been scheduled for two weeks at the end of November.

Houston Chronicle

Judge rules Dallas police and firefighters can vote on pension cuts

December 3, 2016, By Tristan Hallman

Dallas police and firefighters will be permitted to vote to cut their own pension benefits as part of a plan to save their failing retirement fund.

After a hearing Thursday, State District Judge Ken Molberg on Friday denied an attempt by five police officers and firefighters to block the vote. The plaintiffs alleged in a lawsuit that the pension board couldn't legally call for the election because the board was too big.

[Dallas News](#)

City's plan to save Dallas Police and Fire Pension Fund will target those who got rich from the system

December 4, 2016, By Tristan Hallman

If city officials get their way, Dallas police and firefighters who got rich off their beleaguered pension fund wouldn't get much more money, if any, out of the retirement system.

Or, as Mayor Mike Rawlings said Saturday, some retirees already "got their benefits early."

A City Council briefing posted online late Friday night provided the first glimpse into the city's plan to save the Dallas Police and Fire Pension System from insolvency within the next decade or so. Rawlings and the City Council will discuss the plan Wednesday.

[Dallas News](#)

'No free lunch': City pensions will be pricey, even after reform

December 5 2016, By Mike Morris

Anyone watching the applause for Mayor Sylvester Turner's landmark pension reform proposal could be forgiven for thinking the deal will save the city money.

It won't, not in the near term.

Preliminary estimates show the proposal would cost the city general fund about \$330 million next fiscal year. That's roughly \$18 million more than what Houston is paying in its current budget, and the costs go up from there.

[Houston Chronicle](#)

Dallas Bankrupted by Pensions? Bond Market Doesn't Think So

December 5, 2016, By Katherine Greifeld

Dallas's police and fire pension system may be going broke, but you can't never know it by looking at the municipal-bond market. The city's general obligations due in 2025 yield 2.46 percent, less than even top-rated 10-year debt, according to data compiled by Bloomberg.

That's despite Mayor Mike Rawlings telling a state board last month that the city's \$7 billion debt to the retirement fund has left it walking into a can of knives that look like bankruptcy.

[Bloomberg](#)

Dallas mayor files lawsuit to stop pension withdrawals

December 5, 2016, By Claudia Lauer

Dallas Mayor Mike Rawlings filed a lawsuit Monday seeking to stop the Dallas Police and Fire Pension system from allowing retirees to pull their deferred retirement funds from the ailing system.

Rawlings' attorney wrote in the lawsuit, which the mayor did not file in his official capacity, that he believes the pension board is "willingly failing" to perform its duty. It asks a judge to issue an injunction to stop the withdrawals, which the mayor asked the board to do in a letter last week.

[Houston Chronicle](#)

Dallas Mayor Mike Rawlings sues pension system to stop DROP withdrawals

December 5, 2016, By Tristan Hallman

Mayor Mike Rawlings is asking a judge to do what the Dallas Police and Fire Pension System won't: Stop the run on the bank.

Rawlings filed a lawsuit Monday morning against the pension system at his own expense and as a private citizen. He is asking for an emergency temporary restraining order and a permanent injunction on the system's payments of hundreds of millions in lump-sum withdrawals, which have threatened its solvency.

[Dallas News](#)

Dallas Mayor Sues to Stop Police, Fire Pension Exits

December 5, 2016, By Heather Gillers

The police and firefighters of Dallas have pulled more than \$500 million out of their retirement savings plan since early August, worried that their pension fund could soon run out of money. Now, Dallas Mayor Mike Rawlings is suing to stop them.

The Dallas mayor said he is acting in his private capacity as a Dallas taxpayer and paying for the suit himself. In a Monday court filing, Mr. Rawlings asks a Dallas County judge for a restraining order that temporarily halts withdrawals from the Dallas Police and Fire Pension Fund.

[The Wall Street Journal](#)

Dallas mayor files lawsuit calling for police and fire plan to suspend DROP withdrawals

December 5, 2016, By Meaghan Kilroy

Dallas Mayor Mike Rawlings filed a lawsuit against the \$2.7 billion Dallas Police & Fire Pension System, arguing the pension fund is jeopardizing its solvency and liquidity by continuing to allow DROP withdrawals.

The lawsuit was filed in Dallas County District Court on Monday, almost a week after Mr. Rawlings issued a letter to the pension fund board requesting that the pension fund immediately suspend lump-sum DROP payments until the pension fund is on solid financial footing. A hearing on the lawsuit, which requests a court-ordered restriction on DROP withdrawals, is scheduled for Monday.

[Pensions & Investments](#)

Dallas Mayor Mike Rawlings' bold move is in the best interests of police and firefighters –and the city

December 5, 2016

The Dallas Police and Fire Pension System is hemorrhaging red ink on a fast track toward insolvency, but the fund's leadership is treating it as a minor cut that will heal itself.

Pension leaders have repeatedly ignored Mayor Mike Rawlings' pleas to temporarily suspend lump-sum withdrawals that threaten the financial health of the fund and, potentially, the City of Dallas. So on Monday the mayor stopped asking and filed a lawsuit to force the fund to suspend the withdrawals.

[Dallas News](#)

Judge Denies Dallas Mayor Mike Rawlings' TRO to Stop Police, Fire Pension Withdrawals

December 5, 2016, By Claudia Lauer

A judge has denied a temporary restraining order filed on behalf of Dallas Mayor Mike Rawlings Monday seeking to stop the Dallas Police and Fire Pension system from allowing retirees to pull their deferred retirement funds from the ailing system.

The judge denied the request, pending a pension board meeting Thursday where the board may take the same action. If the board does not take action, the judge reserved time Thursday afternoon and Friday to reconsider Rawlings' request.

[NBC DFW](#)

Dallas Mayor Sues Pension Board to Stop Withdrawals

December 5, 2016, By Carmen Castro-Pagan and David B. Brandolph

Dallas Mayor Michael S. Rawlings sued the Dallas Police and Fire Pension System's trustees to immediately stop the withdrawal of certain assets from the municipal pension fund (*Rawlings v. Bd. of Trs. of the Dallas Police and Fire Pension Sys.* , Tex. Dist. Ct., No. 16-15431, complaint filed 12/5/16).

Rawlings filed the lawsuit Dec. 5 in state court in Dallas in his personal capacity. He seeks a court order to temporarily restrict all withdrawals from the pension system's Deferred Retirement Option Plan (DROP) as 2016 outflows allegedly have greatly reduced the system's protected benefits. DROP is a program that allows eligible participants to simultaneously stay on the job with full pay while having their full retirement annuity paid into an interest-bearing account.

[Bloomberg BNA](#)

Houston's pension solution comes through "shared sacrifice"

December 5, 2016, By Sylvester Turner

For years, Houston city officials brought their issues to the Texas Legislature. We asked the Legislature to mediate between opposing viewpoints and solve our problems. This session, I bring the Legislature not a problem, but a solution to increasing pension costs in Houston.

Houston's situation is not as bad as many, but it's bad enough. Our three pension systems - police, firefighter and municipal employee - are 89, 80 and 54 percent funded, respectively. That is completely unsustainable, and costs are rising. If we continue on this path, we will face significant layoffs and service cuts in the very near future. With over 1,900 officers of the Houston Police Department and 1,100

members of the Houston Fire Department eligible to retire right now, the governance of the city weighs heavily on this agreement.

[TribTalk](#)

Run on the bank: Hundreds of police and fire pensioners want their cash after Dallas Mayor Mike Rawlings sues system

December 6, 2016, By Tristan Hallman

Dallas Mayor Mike Rawlings' lawsuit to stop the beleaguered Dallas Police and Fire Pension System's lump-sum withdrawals may have triggered another run on the bank as a new wave of pensioners scramble to pull out their money.

Pension system Executive Director Kelly Gottschalk said Tuesday the system received more than 160 withdrawal requests on Monday alone. She said the recent average had been 115 requests a week. Pension officials were still processing Tuesday's requests but have counted 266 since last Wednesday.

[Dallas News](#)

Retired Dallas police, firefighters withdraw pension funds as fears continue

December 6, 2016, By Tanya Eiserer

One by one, retired Dallas police and firefighters came to the pension fund to get their money.

"I think instead of filing a lawsuit it would have been a lot cheaper (for the mayor) just to get a billboard that said make a run on the bank," retired firefighter George Snowden told News 8 outside the pension office. "So here I am making my run on the bank."

[WFAA](#)

Council Hears City's Plan To Save Dallas Police And Fire Pension

December 7, 2016, By Austin York

The city council heard the city of Dallas plan to save the police and firefighter pension fund on Wednesday.

The city's Chief Financial Officer Elizabeth Reich told the council that their plan can save the fund in 30 years but it requires greater contribution from everyone, including the city.

"If the city was to pay for everything with taxpayer money, our general fund budget would need to be 120 percent of what it is today. That would mean a \$.70 increase in taxes. That's an 88 percent increase for the next 30 years," she said.

[CBS DFW](#)

Difficult solutions offered to save Dallas Police and Fire pension fund

December 7, 2016, By Brett Shipp

The City of Dallas has released its solution to help bail out the struggling Dallas Police and Fire Pension System. Its impact and details are still being digested by city officials and retirees.

By now you've heard the disturbing news and seen the images. Dallas Police and Fire retirees have been lining up to pull their money out of the pension fund, the so-called run on the bank.

[WFAA](#)

Dallas proposes reducing features of police and fire pension

December 7, 2016, By Claudia Lauer, Associated Press

The Dallas City Council heard the city's plan to fix the ailing Dallas Police and Fire Pension plan Wednesday, including a proposal to reduce benefit checks for the members who have withdrawn more than \$500 million in deferred retirement funds since August.

Dallas Chief Financial Officer Elizabeth Reich presented the plan to the city council, which is to vote on it next week. She said the proposal would bring the pension plan, which has been plagued by overvalued real estate investments and the large volume of withdrawals, to 100 percent solvency in 30 years.

[Houston Chronicle](#)

Former Dallas mayors offer Rawlings solidarity in pension crisis

December 7, 2016, By Ron Kirk, Laura Miller and Tom Leppert

We are proud to have served the citizens of Dallas as mayors and watched our city achieve extraordinary economic success, attracting businesses and families who embrace our work-friendly environment, great transportation, superb arts and sports, safe neighborhoods, and top-notch quality of life. Our city also is blessed with some of the best -- and most heroic -- police and fire departments in the nation, as they demonstrated on July 7 when police and DART officers were attacked.

We also know you have been reading about the potential major financial situation our community faces with the problems at the Dallas Police and Fire Pension Fund.

[Dallas News](#)

Police pay lawsuits and pension crisis could spell financial disaster for Dallas

December 7, 2016, By Tristan Hallman

Dallas is facing dual financial crises that could cost homeowners hundreds of dollars in additional property taxes a year if they aren't resolved in the city's favor.

The first is a failing pension system for police officers and firefighters that is massively underfunded. The second is a group of lawsuits over back pay for police that, in the worst case scenario, could cost Dallas \$4 billion.

[Dallas News](#)

Dallas Police and Fire Pension Board ends run on the bank, stops \$154M in withdrawals

December 8, 2016, By Tristan Hallman

The Dallas Police and Fire Pension System's Board of Trustees suspended lump-sum withdrawals from the pension fund Thursday, staving off a possible restraining order and stopping \$154 million in withdrawal requests.

The system was set to pay out the weekly requests Friday. Pension officials said allowing the withdrawals would leave them without the liquid reserves required to sustain the \$2.1 billion fund.

[Dallas News](#)

Dallas Police and Fire Pension Withdrawals Blocked

December 8, 2016, By Ken Kalthoff

Retirees blasted Dallas Police and Fire Pension trustees Thursday after the board blocked withdrawals from the troubled fund, just before the holidays.

Pete Bailey, a 27-year Dallas Police Department veteran, said the decision seems like theft.

"I think it's criminal what you're doing. And you're doing it to a group of people who have given their entire lives. Safety and security is not free," Bailey said.

The trustee vote came after a \$500 million run on the fund this year, as worried members withdrew large sums of Deferred Retirement Option Plan (DROP) money.

[NBC DFW](#)

Dallas Police and Fire Pension Board stops withdrawals, an unpopular but courageous step toward saving the fund

December 8, 2016

At last, the Dallas Police and Fire Pension System's Board has stepped up to do the right thing.

After a nearly two-hour, closed-door executive session, stoned-faced trustees suspended lump-sum withdrawals from the pension fund, a last-ditch effort to prevent the fund from racing headlong toward a devastating cash-flow crunch.

[Dallas News](#)

Dallas pays way too much for its police and fire pension to go broke

December 9, 2016, By Mitchell Shnurman

The more you pay, the more they need.

That's one takeaway from the crisis at the Dallas Police and Fire Pension, and everybody has a right to be angry.

Taxpayers pony up nearly 28 percent of those workers' pay for their retirement. That's roughly three times more than most workers get from their employer with Social Security and a typical 401(k) match.

[Dallas News](#)

TEXAS ECONOMIC INDICATORS

Texas home sales likely to break 2015 record

December 5, 2016, By Ileana Najarro

Texas home sales are on track to surpass 2015's record with the highest sales volume in the state's history, according to the Texas Annual Houston Report.

The report found that both state home sales and home prices rose throughout 2016 as a result of population growth and strong housing demand throughout the state. Houston, meanwhile, has recently seen sales go flat while housing prices rose.

Houston Chronicle

Study: transgender bathroom bill could cost Texas economy \$8.5 billion annually

December 6, 2016, By David Saleh Rauf

Texas' main business lobby launched its most pointed attack Tuesday against Lt. Gov. Dan Patrick's crusade to pass a transgender bathroom bill, releasing a study that found anti-LGBT measures could severely hamper the state's booming economy.

The study from the Texas Association of Business found that proposals targeting transgender and gay Texans could cost the state's economy \$8.5 billion a year and put at risk up to 185,000 jobs, resulting largely from a projected downturn in the state's tourism and travel industry.

San Antonio Express-News

Texas drilling permits lower than last year

December 9, 2016, By Daniel J. Graeber

State regulators in Texas said they issued 2 percent fewer oil and gas drilling permits in November than last year, though signs of recovery are emerging.

The Railroad Commission of Texas said it issued 673 original drilling permits last month, which is 2 percent less than the same month last year. The state agency, which regulates fossil fuels in the state, reported 291 of those permits were for Midland County, host to some of the more lucrative shale basins in the country.

UPI

LEGAL PROCEEDINGS, LAWS & REGULATIONS

Supreme Court takes up hospital pension dispute

December 2, 2016, By Sam Hananel, Associated Press

The Supreme Court will decide whether some of the nation's largest health providers can rely on their church affiliations to avoid complying with federal laws covering pension benefits for workers.

The justices agreed Friday to take up cases involving three nonprofit hospital systems being sued for underfunding their employee pension plans.

Lower courts ruled against the hospitals · Dignity Health, Advocate Health Care Network and Saint Peter's Healthcare System · saying their pensions do not qualify as "church plans" exempt from the law. That could force them and other hospitals to spend billions to make up funding shortfalls.

[US News](#)

Senate battles over miners deal

December 6, 2016, By Jordain Carney

Senate Majority Leader Mitch McConnell (R-Ky.) on Tuesday said help for coal miners will be included in a short-term government funding bill.

"I've spoken to the Speaker on a number of occasions about an issue facing coal miner retirees like those I represent in Kentucky and have insisted the CR include a provision to address that issue so these retirees don't lose their healthcare benefits at the end of the year," McConnell said.

[The Hill](#)

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

South Carolina's looming pension crisis

December 3, 2016, By David Slade

Years of ill-timed investments and a refusal to abandon questionable strategies have left South Carolina's government pension plans on the ropes, with a massive funding gap that threatens promised benefits to future retirees.

The plans serve roughly one out of nine state residents, and the shortfall · \$24.1 billion · is more than triple the Palmetto State's annual budget. That's left lawmakers and the state's investment managers scrambling for a fix, as the burden grows for workers and taxpayers.

[The Post and Courier](#)

Amid backlash, Michigan GOP shelves health, pension cuts

December 6, 2016, By Paul Egan and Kathleen Gray

Facing a strong backlash from police and firefighters, Michigan House Republican lawmakers backed off Tuesday on plans to cut retiree health care benefits for local government workers during the lame-duck session.

And Senate Republicans, facing a vigorous backlash from the administration of Gov. Rick Snyder, among others, retreated · again for the time being · on their plan to close the Michigan Public School Employees Retirement System (MPERS) to new members and force all new teachers into a 401(k)-style defined contribution retirement plan.

[Detroit Free Press](#)

State pension fund head gets a \$35,000 pay raise — again

December 6, 2016, By Beth Healy

The board of the Massachusetts state pension fund on Tuesday approved a second straight \$35,000 pay increase for its executive director, increasing his salary to \$430,000.

The board also approved a full 40 percent bonus for Michael Trotsky, who serves as both executive director and chief investment officer of the \$62 billion fund.

[Boston Globe](#)

Pay raise approved for state pension chief

December 6, 2016, By News Service of Florida

Gov. Rick Scott and the state Cabinet on Tuesday unanimously reaffirmed Ash Williams as the chief investment officer for Florida's \$145 billion state pension fund and bumped up his pay by 5.5 percent.

"I think you have done a really good job," Scott told Williams. "When you just think about the number of people who rely on this pension plan, you should feel good about the team you have built."

[News4JAX](#)

U.S. Election Result A Boon To Corporate Pensions

December 7, 2016, By Vipal Monga

Corporations that sponsor defined benefit pension plans are likely cheering last month's U.S. presidential election result. Donald Trump's win helped reduce their giant funding deficits, according to new data from consulting firm Mercer.

The pension funding deficit of S&P 1500 companies fell more than 20% in November to \$414 billion from \$530 billion at the end of October, according to Mercer. Funding deficits occur when the value of assets in pension plans don't equal the projected obligations.

[The Wall Street Journal](#)

Pittsburgh pension fund investments to fall short in 2016

December 8, 2016, By Bob Bauder

Pittsburgh's employee pension investments are projected to remain flat again in 2016 because of underperforming financial markets, fund managers said Thursday.

The city owes \$1.2 billion to future and current retirees but has only about 56 percent of cash value in retirement accounts - down from about 57 percent last year - necessary to pay them.

Pittsburgh relies on investments to make up a difference between what city and employees add to plans each year and the amount paid to retirees, about \$90 million in 2015. That payout grows each year.

[Tribune- Review](#)

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Brazil's President to Send Pension Overhaul to Congress on Tuesday

December 5, 2016, By Jeffrey T. Lewis

Brazilian President Michel Temer said his government will send a proposal to overhaul the country's public pension system to Congress on Tuesday, arguing changes are needed to make sure the system is sustainable in the face of continuing deficits.

The changes will be gradual and responsible, and people who have already retired or have qualified to retire won't be affected, Mr. Temer said during a news conference Monday in the presidential palace in Brasília.

[The Wall Street Journal](#)

Tata Steel Makes a Deal to Stay in Britain, Saving Up to 11,000 Jobs

December 7, 2016, By Stanley Reed

Tata Steel said on Wednesday that it had reached an agreement with trade unions to provide at least a temporary reprieve for the largest steelworks in Britain.

In the deal, which still needs to be approved by employees, Tata, a subsidiary of Tata Group, the Indian conglomerate, would keep the giant steel plant at Port Talbot in South Wales and other parts of its steel business going in Britain until 2021, preserving as many as 11,000 jobs. Tata had been trying unsuccessfully to extricate itself from making steel in Britain.

[The New York Times](#)

Tata Steel U.K. explores freezing British Steel pension fund

December 7, 2016, By Sophie Baker

Tata Steel U.K. will embark on a period of consultation with employees on a proposal to freeze the £13.3 billion (\$16.6 billion) British Steel Pension Scheme, London, following an agreement with trade unions.

Participants will be offered a competitive, defined contribution plan, a Tata Steel news release said. Further details could not be learned by press time.

The move is part of plans by parent firm Tata Steel Ltd., which launched a process to sell the U.K. business in April.

[Pensions & Investments](#)

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